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**Appropriations Committee**

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**HB 2022**

**Brief Description:** Increasing assistance to cities and counties.

**Sponsors:** Representatives McIntire, Condotta, Linville, Sump, Grant, Buri, Takko, Morrell and Simpson.

**Brief Summary of Bill**

- Annually transfers \$10 million from the state General Fund into the City-County Assistance Account.

**Hearing Date:** 2/13/07

**Staff:** Kirk Schmidt (786-7118).

**Background:**

In 2005, the City-County Assistance Account (Account) was created in the State Treasury. One and six-tenths percent of the proceeds of the real estate excise tax is deposited in the Account. The purpose of the Account is to increase the revenues received from sales and use tax imposed by counties or cities by the greater of \$250,000 or an amount determined by population size.

The real estate excise tax is a tax on the sale of real estate in the amount of 1.28 percent of the selling price. An amount equal to 6.1 percent of the real estate excise tax is deposited in the Public Works Assistance Account. An amount equal to 1.6 percent of the proceeds of the real estate excise tax is deposited in the City-County Assistance Account. The remaining 92.3 percent of the proceeds of the real estate excise tax is deposited into the General Fund.

**Summary of Bill:**

The State Treasurer shall transfer annually the sum of \$10 million from the state General Fund into the Account. Transfers to the Account do not cause a reduction in the state expenditure limit.

The minimum amount received from the Account by each county, provided revenues are sufficient, is \$900,000.

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Provided the amount does not exceed \$175,000, the minimum amount received from the Account by each city is the amount necessary to increase the revenue collected under the city sales and use tax to 70 percent of the statewide weighted average per capita level of sales and use tax revenues imposed by all cities in the previous calendar year.

The minimum amount of \$900,000 received by counties and the maximum amount of \$175,000 received by cities will be increased annually by inflation beginning in 2008.

**Appropriation:** The sum of \$10 million.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2007.